

 <p align="center">Financial Assistance Award</p> <p align="center">DENALI COMMISSION 510 L Street, Suite 410 Anchorage, Alaska 99501 (907) 271-1414 (phone) (907) 271-1415 (fax) www.denali.gov</p>		Award Number	00174-05																																																																							
		Award Title	Public Broadcasting Facilities and Equipment Modernization Project																																																																							
		Performance Period	March 1, 2005 through December 31, 2011																																																																							
Authority 112 Stat 1854		CFDA Number 90.100		Recipient Organization & Address Alaska Public Broadcasting, Inc. PO BOX 200009 Anchorage, AK 99520-0009 Phone: (907) 277-6300 Recipient DUNS # 021156497 TIN # 161616595																																																																						
Denali Commission Finance Officer Certification		Jennifer Price 03/31/2010																																																																								
Cost Share Distribution Table <table border="1"> <thead> <tr> <th rowspan="2">Accounting Code</th> <th colspan="2">New Funding</th> <th colspan="2">Prior Period Funding</th> <th rowspan="2">Total</th> </tr> <tr> <th>Denali Commission</th> <th>Other Contributors</th> <th>Denali Commission</th> <th>Other Contributors</th> </tr> </thead> <tbody> <tr> <td>95670000AL</td> <td>\$0.00</td> <td></td> <td>\$6,712,000.00</td> <td></td> <td>\$6,712,000.00</td> </tr> <tr> <td></td> <td>\$0.00</td> <td></td> <td>\$0.00</td> <td></td> <td>\$0.00</td> </tr> <tr> <td></td> <td>\$0.00</td> <td></td> <td>\$0.00</td> <td></td> <td>\$0.00</td> </tr> <tr> <td></td> <td>\$0.00</td> <td></td> <td>\$0.00</td> <td></td> <td>\$0.00</td> </tr> <tr> <td></td> <td>\$0.00</td> <td></td> <td>\$0.00</td> <td></td> <td>\$0.00</td> </tr> <tr> <td></td> <td></td> <td>\$0.00</td> <td></td> <td>\$0.00</td> <td>\$0.00</td> </tr> <tr> <td></td> <td></td> <td>\$0.00</td> <td></td> <td>\$0.00</td> <td>\$0.00</td> </tr> <tr> <td></td> <td></td> <td>\$0.00</td> <td></td> <td>\$0.00</td> <td>\$0.00</td> </tr> <tr> <td></td> <td></td> <td>\$0.00</td> <td></td> <td>\$0.00</td> <td>\$0.00</td> </tr> <tr> <td>Total</td> <td>\$0.00</td> <td>\$0.00</td> <td>\$6,712,000.00</td> <td>\$0.00</td> <td>\$6,712,000.00</td> </tr> </tbody> </table>					Accounting Code	New Funding		Prior Period Funding		Total	Denali Commission	Other Contributors	Denali Commission	Other Contributors	95670000AL	\$0.00		\$6,712,000.00		\$6,712,000.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00		\$0.00			\$0.00		\$0.00	\$0.00			\$0.00		\$0.00	\$0.00			\$0.00		\$0.00	\$0.00			\$0.00		\$0.00	\$0.00	Total	\$0.00	\$0.00	\$6,712,000.00	\$0.00	\$6,712,000.00
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Signature of Authorized Official - Denali Commission Electronically Signed		Typed Name and Title Joel Neimeyer Federal Co-Chair		Date 03/31/2010																																																																						

AWARD ATTACHMENTS

Alaska Public Broadcasting, Inc.

00174-05

1. Award Conditions - APBI
2. Alaska Public Broadcasting Inc. - Supplemental Information

***Award Conditions to the Financial Assistance Award
Between the Denali Commission and Alaska Public Broadcasting, Inc.
For Public Broadcasting
Award No. 174-05, Amendment 5
March 2010***

All changes to the award conditions are noted below.

1. Scope of Work

The Amendment will:

1. Extend the award until December 31, 2011 to accommodate a final grant round; currently there are five grant rounds (one grant round per year) for the purchasing and installation of AM transmitters during the digital conversion project. This amendment will accommodate a sixth round to modify the transmitters previously installed.
2. Adjust the allocations among the two major project scope components. There are two primary work scope components in this award, the Capital Grant Program and the Digital Conversion for Radio – both are dedicated to improve and modernize public broadcasting infrastructure in Alaska. The adjustments to the project funds distribution is needed due to implementation delays and additional costs related to the AM stations in particular, which required more expensive antenna tuning units and unanticipated engineering support and attendant costs covered by APBI. Final digital conversion issues have been addressed and the final actual expenses are now known:

<u>Scope component</u>	<u>Original</u>	<u>Previous revision</u>	<u>Final revision</u>	<u>Total difference</u>
Capital Grant Program	\$ 6,127,000	\$ 5,712,000	\$ 5,617,000	(\$ 510,000)
Digital Conversion Radio	385,000	800,000	895,000	510,000
Data Network Continuation	100,000	100,000,	100,000	0
ARCS Rebuild Continuation	100,000	100,000	100,000	0
TOTAL	\$ 6,712,000	\$ 6,712,000	\$ 6,712,000	\$ 0

3. Modify the scope of the award to accommodate testing new technology to modify the AM transmitters, which has been shown in other test markets to generate electrical cost savings. The test will be accomplished on one station and, if proven, will be extended to the other six stations.

Attachments: Supplementary information submitted by APBI on Project 174-05, on February 17, 2010.

2. Award Performance Period

The amended Award performance period is March 1, 2005 through December 31, 2011. This is the period during which Award recipients can incur obligations or costs against this Award.

There are no other changes to the original Financial Assistance Award, as amended.

Alaska Public Broadcasting, Inc.
Project No. 174-05
Public Broadcasting Facilities & Equipment Modernization Project

Overview

In 2004 and 2005, Alaska Public Broadcasting, Inc. (APBI) submitted a budget plan for this award that projected expenses and corresponding fund allocations for the overall project work scope which has two primary components: the Capital Grant Program (CGP) for stations and Digital Conversion for Radio. As the overall project enters the final phase, APBI requests three adjustments to the grant agreement in order to effectively calibrate the remaining work load and expenses based upon the project's actual work history and experience. To that end, APBI respectfully requests 1) a project grant extension, 2) an adjustment in fund distribution between project line items, and 3) a minor work scope revision. If authorized, these adjustments will ensure an effective finish to a successful project.

Project Extension Request

The need for an extension is due to the primary work scope component, the Capital Grant Program for public broadcasting stations. This grant program has provided much needed capital revenue for addressing system-wide infrastructure and technology priorities. To date, the program has conducted five rounds of project funding supporting 77 station based projects. The total combined cost of the 77 projects is \$5,264,707. The CGP share is \$4,281,307 or 81% while the station total match is \$983,401 or 19%.

This work scope component has yielded strong results but the experience has also shown that there is a limit to the pace at which stations can participate in the grant program. Between developing cost effective project plans, raising required matching funds, planning for engineering support and executing the project through to close out, the system of stations can handle about one project a year. The first year of the grant program we pushed two grant rounds through and learned that the aggressive schedule created a problematic and counterproductive work load for stations. We adjusted accordingly and since then we have conducted one grant round per year which has allowed stations to conclude their previous project, thoughtfully plan for their next project, raise the required matching funds and prepare proposals in a timely manner for grant panel review.

In order to accommodate a final grant round, APBI requests a project extension through December 31, 2011. This extension will ensure prudent expenditure of remaining funds on quality projects.

By way of review:

- The original total grant was \$6,712,000. As of 1/26/10 total actual expenditures are \$4,225,402 and formal CGP commitments are \$1,506,964. That leaves an approximate total fund balance of \$979,634.
- Through five grant rounds, the program has averaged \$856,261 per round in station specific project outlays.
- The projected remaining fund balance is sufficient to fund the sixth *and final* capital grant round for the stations and the corresponding program administration required to see all outstanding station based projects through to close out.

- Round 5 grant awards were made in mid December, 2009. Round 6 is currently scheduled for October, 2010. Stations are given 12 months to complete their projects. The December 31, 2011 deadline should allow adequate time for successful close out of all Round 6 grants to stations as well close out of the overall project.

Adjustment in Fund Distribution between Project Budget Line Items

The two primary work scope components - the Capital Grant Program and Digital Conversion for Radio – are both dedicated to improving and modernizing the public broadcasting infrastructure in Alaska and in turn, meeting the intent and spirit of the federal appropriation. The two fund allocations need a final adjustment to reflect actual final project costs.

Conversion to digital radio for Alaska’s public radio system of stations is complete. The stations have successfully changed their primary transmission equipment to the new standard for digital broadcasting. In 2004, the project was estimated to be a \$3.3 million project. Since then, the project expanded, grew more complex and encountered escalating costs in many fixed cost areas. The total final project cost is \$4.2 million. Project revenue came from three principle funding partners: the Corporation for Public Broadcasting invested more than \$2.5 million, the Rasmuson Foundation contributed \$800,000 toward the total project cost and Denali Commission funds totaled \$895,000 toward meeting anticipated and unanticipated needs.

The original project work scope correctly anticipated the need to dedicate a portion of the grant award for the specific purpose of supporting the radio system’s conversion to digital transmission. As reported throughout the project experience, many unique problems were encountered causing delays and added expenses. The AM stations in particular were more costly due to the complex and expensive antenna tuning units required, more than double what we thought they would cost five years ago. Limited engineering support at the station level meant that APBI had to directly or indirectly arrange for and or provide competent engineering support for stations with all attendant costs associated with working in rural and bush Alaska, many of which are unpredictable.

The final remaining digital conversion issues have now been addressed and the final actual expenses serve as the basis for requesting a final change in project fund distribution between the Capital Grant Program and Digital Conversion for Radio. APBI requests the following adjustment to project fund distributions:

	<u>Original</u>	<u>Previous Revision</u>	<u>Final Revision</u>	<u>Difference</u>
Capital Grant Program	\$6,127,000	\$5,712,000	\$5,617,000	(\$510,000)
Digital Conversion Radio	\$385,000	\$800,000	\$895,000	\$510,000

Minor Work Scope Modification for Energy Savings Test Project

APBI has been advised by the transmitter manufacturers of the AM transmitters we bought for stations during the digital conversion project that technology exists to modify them to generate great savings on their electric bills. They are estimating as much as 35% savings on electricity. For example, we ran the numbers on the Dillingham station transmitter and its \$0.48 per kilowatt hour electricity and believe that the station could save as much as \$19,000 in one year with this conversion.

This technology is proven and used in Europe by these manufacturers. However, it has not been approved here in the United States. We would like to designate a small fund to test this technology on behalf of these seven stations in Alaska. We have price estimates from an engineering consultant and an attorney to produce the necessary materials and related work for an FCC filing for the authority to test this technology.

If the energy saving technology proves out on the test station, then we anticipate pursuing this modification on behalf of the six other stations. The additional stations would not be as costly as the test station as the FCC filings will be less expensive once the test is complete. We also believe the FCC will accept a cookie cutter approach to documentation needed to authorize additional installations and results of the test station will substantiate the rationale for the authority.

Energy Savings Test Project Budget

Consultant & attorney fees	\$5,000
Test station unit, parts and shipping	\$5,250
Two days engineering support	\$1,340
Contingency	<u>\$1,000</u>
	\$12,590

We estimate that the other six stations that could benefit from this modification would cost less than \$8,000 each. At the high end, the total project cost would be approximately \$60,590.

We would like to move forward on this without requesting a formal amendment as we believe that the proposed test project and potential overall project is consistent with the grant award's priority of improving and modernizing station infrastructure. However, we believe it is best to notify you of our desired plans and confer with you regarding whether or not a formal amendment is required.

Conclusion

As the project enters the final phase, APBI requests these grant agreement and work scope adjustments in order to effectively calibrate the remaining work load and expenses based upon the project's actual work history and experience; and to better align project costs with available funds. We respectfully request the Denali Commission's support by authorizing these changes to the project deadline and project budget line items.
